

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Summary of Auditor's Results and Schedule of Findings and Questioned Costs		1
Independent Auditor's Report		2 - 3
<u>Financial Statements</u>		
Balance Sheet - Enterprise Fund	A	4 - 5
Statement of Revenues, Expenses, and Changes in Retained Earnings - Enterprise Fund	B	6
Statement of Cash Flows - Enterprise Fund	C	7 - 8
Comparison of Actual HUD Revenue and Expenses to HUD Budgeted	D	9
Notes to Financial Statements		10 - 17
<u>Supplementary Information</u>		
Statement and Certification of Modernization Costs	E(1)	18
Statement of Modernization Costs - Uncompleted	E(2)	19
Schedule of Federal Financial Assistance		20
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		21 - 22
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards		23 - 24
Schedule of Findings and Questioned Costs		25
Schedule of Audit Journal Entries		26
Financial Data Schedule		27 - 30

HOUSING AUTHORITY OF GRANT PARISH
SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results

- A. We issued an unqualified opinion on the Housing Authority of Grant Parish, Louisiana for the audit of its financial statements for the year ended March 31, 2000.
- B. The financial statements are prepared on the Enterprise Method. See Auditor's Report and Note A.
- C. No reportable conditions in internal control were disclosed by our audit of the financial statements
- D. *The audit did not disclose any noncompliance which is material to the financial statements.*
- E. No reportable conditions in internal control were disclosed by our audit over major programs.
- F. We issued an unqualified opinion on compliance for major programs.
- G. *Our audit disclosed one audit finding that we are required to report under 510(a) of OMB Circular A-133.*
- H. Major programs are as follows, and see Schedule of Federal Expenditures for CFDA numbers and amounts:
 - 1. Low Income Housing
 - 2. CIAP
 - 3. Section 8 HAP - Existing
- I. The dollar threshold to distinguish Type A and Type B programs is \$300,000.
- J. The Housing Authority of Grant Parish, Louisiana did not qualify for the year ended March 31, 2000 as a low-risk auditee.

Schedule of Findings and Questioned Costs

- K. There is one finding in these financial statements that is required to be reported in accordance with GAGAS.
- L. There is one audit finding but no questioned costs for Federal awards which shall include audit findings as described in 510a of OMB Circular A-133.

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4200 AIRPORT FREEWAY - SUITE 100
FORT WORTH, TEXAS 76117

(817) 831-3553

METRO (817) 654-4063

FAX (817) 831-3560

e-mail: estes3@flash.net

MIKE ESTES, CPA/PFS, CFP

MEMBER
AMERICAN BOARD CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners
Housing Authority of the
City of Grant Parish
Georgetown, Louisiana

Regional Inspector General for Audit
Office of Inspector General
Department of Housing and Urban
Development

We have audited the accompanying general-purpose financial statements of the Housing Authority of Grant Parish, Louisiana at and for the year ended March 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of Grant Parish, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Grant Parish, Louisiana as of March 31, 2000, the results of its operations, changes in its total net assets and statement of cash flows for the year then ended, in conformity with generally accepted accounting principles.

As described in Note A to the financial statements, the PHA has changed from the *Governmental Funds* to the *Enterprise Funds* method for the year ended March 31, 2000.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 5, 2000 on our consideration of Housing Authority of Grant Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part on an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority of Grant Parish, Louisiana taken as a whole. The accompanying Financial Data Schedule and other supplementary schedules are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information had been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

Mike Estes, P.C.

Fort Worth, Texas
September 5, 2000

HOUSING AUTHORITY OF GRANT PARISH
BALANCE SHEET - ENTERPRISE FUND
MARCH 31, 2000

LA 120

Assets

Current assets

Cash - Note B	\$ 139,016.00
Accounts receivable - HUD - Note L	12,171.00
Accounts receivable - tenants, net of allowance for bad debts, \$287	685.00
Inventories	332.00
Prepaid insurance	2,331.00

Total current assets

154,535.00

Fixed Assets

Land	2,500.00
Buildings	76,959.00
Furniture, equipment & machinery	1,510,472.00
	<hr/> 1,589,931.00

Less: Accumulated depreciation

803,349.00
Net fixed assets

786,582.00
Total assets

\$ 941,117.00

The Notes to Financial Statements are an integral part of these statements.

EXHIBIT A

HOUSING AUTHORITY OF GRANT PARISH
BALANCE SHEET - ENTERPRISE FUND BASIS
MARCH 31, 2000

LA 120

Liabilities

Current liabilities

Tenant's security deposits	\$ 2,025.00
Accounts payable - HUD - Note L	21,282.00
Accounts payable - other	5,637.00
Accrued wages, compensated absences	8,051.00
Retainage payable	52,123.00

Total current liabilities

89,118.00

Fund equity

Total contributed capital	786,581.00
---------------------------	------------

Total contributed capital

786,581.00

Retained earnings - Exhibit B

65,418.00
Total Net Assets

851,999.00
Total Liabilities and Net Assets

\$ 941,117.00

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF GRANT PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - ENTERPRISE FUND
YEAR ENDED MARCH 31, 2000

LA 120

Revenues

Tenant revenue	\$ 30,025.00
HUD subsidy - Low Rent	43,556.00
HUD subsidy - Section 8	286,172.00
HUD CIAP soft costs grant	82,165.00
Interest income	2,640.00
Other revenue	18,561.00

Total Operating Revenue	463,119.00
--------------------------------	------------

Operating expenses

Administrative	93,355.00
Utilities	8,728.00
Maintenance	37,844.00
General expense	13,366.00
Depreciation	66,135.00
CIAP soft costs	58,458.00
HAP payments	242,154.00

Total operating expenses	520,040.00
---------------------------------	------------

Net operating income (loss)	(56,921.00)
------------------------------------	-------------

Deduct: Prior year GAAP adjustments	(67,512.00)
-------------------------------------	-------------

Retained earnings, 3/31/99, original	189,851.00
--------------------------------------	------------

Retained earnings, 3/31/00	\$ 65,418.00
-----------------------------------	--------------

Net HUD contribution, 3/31/99	1,127,033.00
-------------------------------	--------------

Current year addition and prior year adjustments	(340,452.00)
--------------------------------------------------	--------------

Net HUD contribution, 3/31/00	786,581.00
-------------------------------	------------

Total Net Assets, 3/31/00 - Exhibit A	\$ 851,999.00
----------------------------------------------	---------------

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF GRANT PARISH
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
YEAR ENDED MARCH 31, 2000

LA 120

Cash flows from operating activities:

Tenant revenue	\$ 30,025.00
Other operating revenue	430,454.00
Operating expenses	<u>(520,040.00)</u>
Net cash (used) in operating activities	<u>(59,561.00)</u>

Cash flows from capital and related financing activities

HUD CIAP hard cost advances	329,880.00
Equipment and CIAP additions	<u>(362,957.00)</u>
Net cash provided (required) by capital and financing activities	<u>(33,077.00)</u>

Cash flows from investing activities

Interest income	<u>2,640.00</u>
Net cash provided (used) from investing activities	<u>\$ 2,640.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF GRANT PARISH
 STATEMENT OF CASH FLOWS - ENTERPRISE FUND (continued)
 YEAR ENDED MARCH 31, 2000

LA 120

Adjustments

Depreciation	66,135.00
NET HUD - REAC adjustments - noncash	(630.00)
Changes in assets and liabilities:	
Decrease in accounts receivable	\$ 31,319.00
Increase in inventories	(332.00)
Increase in prepaid insurance	(638.00)
Increase in accrued wages and payroll taxes	8,051.00
Increase in security deposits	2,025.00
Increase in retainage payable	52,123.00
Decrease in accounts payable	(18,984.00)
Total adjustments	<u>139,069.00</u>
 <i>Change in cash and equivalents</i>	 49,071.00
Cash and equivalents beginning of year	<u>89,945.00</u>
Cash and equivalents end of year - Exhibit A	<u>\$ 139,016.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF GRANT PARISH
COMPARISON OF ACTUAL HUD REVENUE AND
EXPENSES TO HUD BUDGETED
YEAR ENDED MARCH 31, 2000

LA 120

	HUD Budget	Actual	Over (Under) Budget
Revenues			
Tenant revenue	\$ 19,970.00	\$ 30,025.00	\$ 10,055.00
HUD subsidy - Low Rent	43,556.00	43,556.00	0.00
HUD subsidy - Section 8	296,250.00	286,172.00	(10,078.00)
HUD CIAP soft costs grant	58,458.00	82,165.00	23,707.00
Interest income	1,430.00	2,640.00	1,210.00
Other revenue	50,261.00	18,561.00	(31,700.00)
Total operating revenue	<u>469,925.00</u>	<u>463,119.00</u>	<u>(6,806.00)</u>
Operating expenses			
Administration, net of CIAP soft costs	64,965.00	93,355.00	28,390.00
Utilities	9,240.00	8,728.00	(512.00)
Maintenance	36,090.00	37,844.00	1,754.00
General expense	8,641.00	13,366.00	4,725.00
Depreciation	0.00	66,135.00	66,135.00
CIAP soft costs	58,458.00	58,458.00	0.00
HAP payments	252,424.00	242,154.00	(10,270.00)
Total operating expenses	<u>\$ 429,818.00</u>	<u>\$ 520,040.00</u>	<u>\$ 90,222.00</u>
Excess (deficient) revenues	40,107.00	(56,921.00)	(97,028.00)
Add:			
Depreciation - not budgeted by HUD	0.00	66,135.00	66,135.00
Deduct:			
Capital expenditures - budgeted by HUD	<u>(28,800.00)</u>	<u>0.00</u>	<u>28,800.00</u>
Excess (deficiency) of budgeted revenues over expenses	<u>\$ 11,307.00</u>	<u>\$ 9,214.00</u>	<u>\$ (2,093.00)</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES AND CHANGE OF ACCOUNTING PRINCIPLE

The Housing Authority of Grant Parish, Louisiana (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Grant Parish Police Jury. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities and housing assistance payments for eligible individuals.

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each discretely presented component unit, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority. As of March 31, 2000, and for the fiscal then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

HOUSING AUTHORITY OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

(continued)

MARCH 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES AND CHANGE OF ACCOUNTING PRINCIPLE (continued)

(2) Change in Accounting Principle

For the year ended March 31, 2000, the PHA has changed from the Government Funds Method to the Enterprise Method. This change was strongly recommended by the Real Estate Assessment Center (REAC) of The Department of Housing and Urban Development.

The Enterprise Funds Method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The Enterprise Fund recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable. In the prior method used, the Governmental Funds Method, the modified accrual method was necessary.

Depreciation expense must be recognized for the Enterprise Fund. Under the Governmental Funds Method, depreciation was optional and the PHA elected not to recognize it.

The PHA elected to close depreciation on contributed assets to contributed capital. Using this "addback" option, the full amount of depreciation is still reported on the income statement, and reduces the net income reported.

REAC suggests that soft costs from development and modernization be deleted from fixed assets and charged to HUD Capital Contributions.

REAC also allows PHA's to reclassify outstanding debt owed to HUD to Contributed Capital.

HOUSING AUTHORITY OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

(continued)

MARCH 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES AND CHANGE OF ACCOUNTING PRINCIPLE (continued)

(3) Budgetary Data

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project.

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables, or depreciation. The budget does reflect furniture and equipment additions from operations.

(4) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

HOUSING AUTHORITY OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

(continued)

MARCH 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES AND CHANGE OF ACCOUNTING PRINCIPLE (continued)

(5) Tenant Receivables

Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts.

NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at March 31, 2000. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized, uninsured and unregistered, but with securities held by the bank, its trust department, or its agent, pledged to the PHA, but not in the PHA's name.

HOUSING AUTHORITY OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

(continued)

MARCH 31, 2000

NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category		
	1	2	3
\$ <u>139,016</u>	\$ <u>139,016</u>	\$ <u></u>	\$ <u></u>

NOTE C - ACTIVITIES OF THE PHA

At March 31, 2000, the PHA was managing 28 units of low-rent in one project under Program FW-2020, 75 Existing units, Program FW-2251, and 38 units of Section 8 Voucher, Program FW-2251.

NOTE D - CONTINGENCIES

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

HOUSING AUTHORITY OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

(continued)

MARCH 31, 2000

NOTE E - FIXED ASSETS

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Site improvements	15 Years
Buildings	33 Years
Buildings improvements	15 Years
Nondwelling structures	15 Years
Equipment	3 to 7 Years

	03/31/00 Cost	03/31/99 Accumulated Depreciation	Current Depreciation	03/31/00 Accumulated Depreciation
Land	\$ 2,500			
Buildings and Improvements	76,959	695,789	53,576	749,365
Equipment	1,510,472	41,425	12,559	53,984
	<u>\$ 1,589,931</u>	<u>737,214</u>	<u>66,135</u>	<u>803,349</u>

* Capitalization limit is \$500

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

NOTE F - RETIREMENT PLAN

The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employee contributes 5 % and the entity contributes 8% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20 % annually for each year of participation. An employee is fully vested after 5 years of participation.

Contributions to the plan were approximately \$ 3,100 and \$ 5,000 by the employee and the entity, respectively.

HOUSING AUTHORITY OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

(continued)

MARCH 31, 2000

NOTE G - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

NOTE H - ACCOUNTING FOR THE IMPAIRMENT OF LONG - LIVED ASSETS

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

NOTE I - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE J - COMPENSATED ABSENCES

Employees earn annual leave based upon years of service, and may accrue up to 300 hours. Sick time is earned but not accrued since it is dependent upon a future event. Upon termination all accrued vacation time is paid. At 3/31/00 the PHA had a liability of \$8,051.00. Of the aforementioned amount, \$7,130.00 pertained to the prior year. Only the \$ 921.00 increase is recognized as a current year expense in these financial statements.

HOUSING AUTHORITY OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

(continued)

MARCH 31, 2000

NOTE K - FUND EQUITY AND RETAINED EARNINGS

As a result of changing from the HUD statutory method of accounting to the enterprise fund-type of proprietary accounting, 3/31/99 fund equity and 3/31/99 retained earnings has been restated by various prior period adjustments.

NOTE L - ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE - HUD

Accounts Receivable

Voucher, 3/31/99 year-end	\$ 115.00
Existing, 3/31/97 year-end	12,056.00
	<u>\$ 12,171.00</u>

Accounts Payable

Voucher, current year	\$ 7,021.00
Voucher, prior years	10,277.00
	<u>\$ 17,298.00</u>
Existing, current year	\$ 3,058.00
Existing, prior years	926.00
	<u>\$ 3,984.00</u>

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF GRANT PARISH

STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST

ANNUAL CONTRIBUTION CONTRACT

LA 120

1. The Actual Modernization Costs are as follows:

	Project 902-97
Funds Approved	\$ 629,350.00
Funds Expended	<u>629,350.00</u>
Excess of Funds Approved	<u>0.00</u>
Funds Advanced	\$ 629,350.00
Funds Expended	<u>629,350.00</u>
Excess of Funds Advanced	<u>0.00</u>

2. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated April 4, 2000 accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment, except for \$52,122.50 held as retainage payable in a separate interest bearing account.

The Notes to Financial Statements are an integral part of these statements.

EXHIBIT E

HOUSING AUTHORITY OF GRANT PARISH

STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

MARCH 31, 2000

CASH BASIS

	Project 1998	Project 1999
Funds Approved	\$ 45,500.00	\$ 54,280.00
Funds Expended	<u>44,349.60</u>	<u>23,706.00</u>
Excess of Funds Approved	<u>1,150.40</u>	<u>30,574.00</u>
Funds Advanced	\$ 44,349.60	\$ 23,706.00
Funds Expended	<u>44,349.60</u>	<u>23,706.00</u>
Excess of Funds Advanced	\$ <u>0.00</u>	\$ <u>0.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF GRANT PARISH
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED MARCH 31, 2000

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Programs:		
Low-Income Housing		
Operating Subsidy	14.850	43,556.00
Major Program Total		<u>43,556.00</u>
Section 8 Hap -		
Vouchers	14.855	107,873.00
Major Program Total		<u>107,873.00</u>
Section 8 Hap -		
Certificates	14.857	178,298.00
Major Program Total		<u>178,298.00</u>
Comprehensive		
Improvement		
Assistance Program	14.852	329,880.00
Major Program Total		<u>329,880.00</u>
Total HUD		\$ <u><u>659,607.00</u></u>

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4200 AIRPORT FREEWAY - SUITE 100
FORT WORTH, TEXAS 76117

(817) 831-3553
METRO (817) 654-4063
FAX (817) 831-3560
e-mail: estes3@flash.net

MIKE ESTES, CPA/PFS, CFP

MEMBER
AMERICAN BOARD CERTIFIED
PUBLIC ACCOUNTANTS

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Housing Authority of the
City of Grant Parish
Georgetown, Louisiana

We have audited the compliance of the Housing Authority of Grant Parish, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2000. The Housing Authority of Grant Parish, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Grant Parish, Louisiana's Management. Our responsibility is to express an opinion on the Housing Authority of Grant Parish, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Grant Parish, Louisiana's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of Grant Parish, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of Grant Parish, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2000. Our audit noted one instance of immaterial noncompliance. It is noted as the second audit finding.

Internal Control Over Compliance

The management of The Housing Authority of Grant Parish, Louisiana is responsible for establishing and maintaining internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of Grant Parish, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Mike Estes, P.C.

Fort Worth, Texas
September 5, 2000

The Notes to Financial Statements are an integral part of these statements.

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4200 AIRPORT FREEWAY - SUITE 100
FORT WORTH, TEXAS 76117

(817) 831-3553

METRO (817) 654-4063

FAX (817) 831-3560

e-mail: estes3@flash.net

MIKE ESTES, CPA/PFS, CFP

MEMBER
AMERICAN BOARD CERTIFIED
PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with Governmental Auditing Standards

Housing Authority of the
City of Grant Parish
Georgetown, Louisiana

We have audited the financial statements of the Housing Authority of Grant Parish, Louisiana as of and for the year ended March 31, 2000, and have issued our report thereon dated September 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of Grant Parish, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing a opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that are required to be reported under Governmental Auditing Standards, or the Louisiana Governmental Audit Guide. It is audit finding #1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Grant Parish, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is a matter of public record and its distribution is not limited.

Mike Estes, P. C.

Fort Worth, Texas
September 5, 2000

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF GRANT PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2000

Prior Audit Findings and Questioned Costs

The prior audit contained two findings. One has been cleared, the other is repeated as audit finding #1.

Current Audit Findings

Inadequate Segregation Of Duties

- 1) Segregation of duties is not adequate to provide effective internal control because some incompatible functions must be performed by administrative employees. The functions of opening the mail, collecting rent, recording the receipt in the rent register, preparing the deposit, making the deposit and check preparation are all performed by both the administrative employees.

Recommendation

Due to the size of the Housing Authority, further segregation of duties may be impractical. Continue to have a board member cosign all checks.

Reply

We will comply with the above.

Noncompliance With QHWRA

- 2) The PHA is going by time and date of application (first come first serve) for eligible admissions for both Low Rent and Section 8. Currently, extremely low income residents (30% or below of the area median income) comprise 69% and 83% of residents for Low Rent and Section 8, respectively. The PHA should aim for 40% and 75% per the income targeting requirements of the Quality Housing Work Responsibility Act (QHWRA) of 1998.

Recommendation

The PHA needs to comply with the income targeting requirements. We realize this is a moot point for Low Rent, as long as Low Rent continues to have vacancies, and thus processes house eligible applications as soon as possible. The Low Rent Admissions and Occupancy Plan needs to be revised to be in accordance with QHWRA and the 5-year Plan.

Reply

We will comply with the above. We paid a consulting firm to revise our policies when we paid them for our 5-year plan. We will request them to finish our policies.

HOUSING AUTHORITY OF GRANT PARISH
SCHEDULE OF AUDIT JOURNAL ENTRIES
YEAR ENDED MARCH 31, 2000

LA 120

	ACCT. # FOR AUDIT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
<u>Low Rent</u>				
<1> Compensated Absences		11,336.65		2135.1
Retained Earnings			11,336.65	2806

To adjust compensated balances to actual - 300 hours for H.D. Jones.

<u>Section 8</u>				
Compensated Absences		23,581.59		2135.1
Retained earnings			23,581.59	2806

To adjust compensated absences to actual - 300 hours for Kay Mitchell
(25% to Voucher, 75% to Existing)

LA120 3/31/2000

Line Item #	Account Description	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Total
111	Cash - Unrestricted	\$111,699	\$0	\$25,190	\$102	\$136,991
113	Cash - Other Restricted	\$2,025	\$0	\$0	\$0	\$2,025
100	Total Cash	\$113,724	\$0	\$25,190	\$102	\$139,016
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$115	\$12,056	\$12,171
126	Accounts Receivable - Tenants - Dwelling Rents	\$972	\$0	\$0	\$0	\$972
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-287	\$0	\$0	\$0	\$-287
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$685	\$0	\$115	\$12,056	\$12,856
142	Prepaid Expenses and Other Assets	\$2,331	\$0	\$0	\$0	\$2,331
143	Inventories	\$332	\$0	\$0	\$0	\$332
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$18,404	\$0	\$0	\$574	\$18,978
150	Total Current Assets	\$135,476	\$0	\$25,305	\$12,732	\$173,513
161	Land	\$2,500	\$0	\$0	\$0	\$2,500
162	Buildings	\$925,015	\$498,900	\$0	\$0	\$1,423,915
163	Furniture, Equipment & Machinery - Dwellings	\$15,860	\$0	\$0	\$0	\$15,860
164	Furniture, Equipment & Machinery - Administration	\$61,099	\$0	\$0	\$0	\$61,099
165	Leasehold Improvements	\$23,707	\$24,000	\$0	\$0	\$47,707
166	Accumulated Depreciation	\$-708,020	\$-95,329	\$0	\$0	\$-803,349
167	Construction In Progress	\$0	\$38,850	\$0	\$0	\$38,850
160	Total Fixed Assets, Net of Accumulated Depreciation	\$320,161	\$466,421	\$0	\$0	\$786,582
180	Total Non-Current Assets	\$320,161	\$466,421	\$0	\$0	\$786,582
190	Total Assets	\$455,637	\$466,421	\$25,305	\$12,732	\$960,095

LA120 3/31/2000

Line Item #	Account Description	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Total
312	Accounts Payable <= 90 Days	\$4,301	\$0	\$0	\$0	\$4,301
321	Accrued Wage/Payroll Taxes Payable	\$1,336	\$0	\$0	\$0	\$1,336
322	Accrued Compensated Absences	\$4,076	\$0	\$991	\$2,984	\$8,051
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$3,984	\$17,298	\$21,282
341	Tenant Security Deposits	\$2,025	\$0	\$0	\$0	\$2,025
345	Other Current Liabilities	\$52,123	\$0	\$0	\$0	\$52,123
347	Interprogram Due To	\$0	\$0	\$18,978	\$0	\$18,978
310	Total Current Liabilities	\$63,861	\$0	\$23,953	\$20,282	\$108,096
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$0	\$0
300	Total Liabilities	\$63,861	\$0	\$23,953	\$20,282	\$108,096
504	Net HUD PHA Contributions	\$320,160	\$466,421	\$0	\$0	\$786,581
508	Total Contributed Capital	\$320,160	\$466,421	\$0	\$0	\$786,581
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0
512	Undesignated Fund Balance/Retained Earnings	\$71,616	\$0	\$1,352	\$-7,550	\$65,418
513	Total Equity	\$391,776	\$466,421	\$1,352	\$-7,550	\$851,999
600	Total Liabilities and Equity	\$455,637	\$466,421	\$25,305	\$12,732	\$960,095

LA120 3/31/2000

Line Item #	Account Description	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Total
703	Net Tenant Rental Revenue	\$25,024	\$0	\$0	\$0	\$25,024
704	Tenant Revenue - Other	\$5,001	\$0	\$0	\$0	\$5,001
705	Total Tenant Revenue	\$30,025	\$0	\$0	\$0	\$30,025
706	HUD PHA Grants	\$43,558	\$82,165	\$107,873	\$178,299	\$411,893
711	Investment Income - Unrestricted	\$2,640	\$0	\$0	\$0	\$2,640
715	Other Revenue	\$18,561	\$0	\$0	\$0	\$18,561
700	Total Revenue	\$94,782	\$82,165	\$107,873	\$178,299	\$463,119
911	Administrative Salaries	\$7,794	\$0	\$14,698	\$28,574	\$51,066
912	Auditing Fees	\$3,045	\$0	\$1,646	\$3,971	\$8,662
914	Compensated Absences	\$921	\$0	\$0	\$0	\$921
915	Employee Benefit Contributions - Administrative	\$2,789	\$0	\$4,981	\$9,734	\$17,504
916	Other Operating - Administrative	\$6,530	\$58,458	\$5,129	\$3,543	\$73,660
931	Water	\$3,044	\$0	\$0	\$0	\$3,044
932	Electricity	\$1,222	\$0	\$0	\$0	\$1,222
933	Gas	\$244	\$0	\$0	\$0	\$244
938	Other Utilities Expense	\$4,218	\$0	\$0	\$0	\$4,218
941	Ordinary Maintenance and Operations - Labor	\$14,469	\$0	\$0	\$0	\$14,469
942	Ordinary Maintenance and Operations - Materials and Other	\$4,791	\$0	\$0	\$0	\$4,791
943	Ordinary Maintenance and Operations - Contract Costs	\$6,470	\$0	\$0	\$0	\$6,470
945	Employee Benefit Contributions - Ordinary Maintenance	\$5,180	\$0	\$0	\$0	\$5,180

LA120 3/31/2000

Line Item #	Account Description	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Total
961	Insurance Premiums	\$8,391	\$0	\$503	\$2,555	\$11,449
963	Payments in Lieu of Taxes	\$1,630	\$0	\$0	\$0	\$1,630
964	Bad Debt - Tenant Rents	\$287	\$0	\$0	\$0	\$287
969	Total Operating Expenses	\$71,025	\$58,458	\$26,957	\$48,377	\$204,817
970	Excess Operating Revenue over Operating Expenses	\$23,757	\$23,707	\$80,916	\$129,922	\$258,302
971	Extraordinary Maintenance	\$6,934	\$0	\$0	\$0	\$6,934
973	Housing Assistance Payments	\$0	\$0	\$91,637	\$150,517	\$242,154
974	Depreciation Expense	\$34,359	\$31,776	\$0	\$0	\$66,135
900	Total Expenses	\$112,318	\$90,234	\$118,594	\$198,894	\$520,040
1001	Operating Transfers In	\$23,707	\$0	\$0	\$0	\$23,707
1002	Operating Transfers Out	\$0	\$-23,707	\$0	\$0	\$-23,707
1010	Total Other Financing Sources (Uses)	\$23,707	\$-23,707	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$6,171	\$-31,776	\$-10,721	\$-20,595	\$-56,921

LA120 3/31/2000

Line Item #	Account Description	Low Rent Public Housing	Public Housing Comprehensive Improvement Assistance Program	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program	Total
1101	Capital Outlays Enterprise Fund	\$0	\$247,715	\$0	\$0	\$247,715
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,126,778	\$314,035	\$12,647	\$14,777	\$1,468,237
1104	Prior Period Adjustments and Equity Transfers	\$-741,173	\$-63,553	\$-574	\$-1,732	\$-807,032
1112	Depreciation Add Back	\$34,359	\$31,776	\$0	\$0	\$66,135
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$106,825	\$205,350	\$312,175
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$126,651	\$392,168	\$518,819
1116	Total Annual Contributions Available	\$0	\$0	\$233,476	\$597,518	\$830,994
1120	Unit Months Available	336	0	456	900	1692
1121	Number of Unit Months Leased	256	0	436	752	1444